

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
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E.O. 11652: N/A
TAGS: EGEN, EINV, ETRD, NI
SUBJECT: EXCHANGE CONTROL (ANTI-SABOTAGE) DECREE 1977

REF: (A) STATE 236508, (B) LAGOS 10528, (C) LAGOS 9227

1. THIS MESSAGE RESPONDS TO DEPARTMENT'S REQUEST FOR ADDITIONAL COMMENTS ON SUBJECT DECREE.
2. EXCHANGE CONTROL DECREE HAS DOMINATED NIGERIAN MEDIA SINCE ITS AUGUST 8 PROMULGATION. MAIN EFFECTS OF DECREE FELT IN LEGAL/POLITICAL AND ECONOMIC AREAS.
3. LEGAL/POLITICAL RAMIFICATIONS OF DECREE RECEIVED HEADLINE PRESS TREATMENT WITH DISTINGUISHED JURIST ROTEMI WILLIAMS' SEPTEMBER 8 CHARGE THAT DECREE WAS CONTRARY TO CONSTITUTION AND UN DECLARATION OF HUMAN RIGHTS (REF B). ALTHOUGH DECREE'S PROVISIONS ON RETROACTIVE PUNISHMENTS AND SPECIAL TRIBUNALS OUTSIDE OF ESTABLISHED JUDICIAL FRAMEWORK RAN COUNTER TO NIGERIA'S WESTERN ORIENTED LEGAL SYSTEM, WILLIAMS FOUND LITTLE SUPPORT AND HIS REQUEST TO PETITION HEAD OF STATE DIRECTLY WAS REJECTED. THERE HAS BEEN LITTLE PUBLIC OR PRIVATE COMMENT SINCE ON THE DECREE'S LEGALITY AND EMBASSY CONCLUDES IT IS DEAD ISSUE.

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4. ON OTHER HAND, THE DECREE'S EFFECTS ON FOREIGN TRADE AND TO LESSER EXTENT FOREIGN INVESTMENT HAVE BEEN VERY HARMFUL. DECREE'S OPERATIONAL PROVISIONS ARE INNOCUOUS, ESSENTIALLY STATING THAT ALL FOREIGN EXCHANGE TRANSACTIONS MUST BE DONE THROUGH AUTHORIZED CHANNELS. HOWEVER, RETROACTIVE PROVISIONS OF DECREE AND OTHER RELATED GOVERNMENT MEASURES TO DEAL WITH EXCESSIVE FOREIGN EXCHANGE OUTFLOWS, E.G., PRICE MONITORING

BOARDS, HAVE DISRUPTED FOREIGN TRADE, DISCOURAGED INVESTMENT, AND ERODED MORALE OF FOREIGN EXCHANGE COMMUNITY. HARDEST HIT IS CENTRAL BANK WHOSE FOREIGN EXCHANGE DEPARTMENTS NOW OPERATING AT ABOUT ONE-THIRD STRENGTH BECAUSE OF DECREE-RELATED JAILINGS, PERSONNEL DISMISSALS AND RESIGNATIONS BY COMPETENT OFFICERS WHO HAVE LEFT FOR HIGHER PAYING JOBS IN PRIVATE INDUSTRY. ALTHOUGH CENTRAL BANK HAS HIRED NEW PERSONNEL, THEY ARE FOR MOST PART YOUNG AND INEXPERIENCED. BANK'S PERFORMANCE HAS DETERIORATED NOTICEABLY WITH CONSEQUENT CRIPPLING EFFECT ON INTERNATIONAL MONEY TRANSACTIONS. FEAR OF DECREE VIOLATIONS PREVENTING REMAINING CENTRAL BANK EMPLOYEES FROM TAKING ANY BUT MOST ROUTINE FOREIGN EXCHANGE ACTIONS. MINISTRY OF FINANCE, NIGERIAN PORTS AUTHORITY, CUSTOM AND REVENUES BOARD ALSO SUFFERING EFFECTS OF SCANDAL/DECREE ALTHOUGH NOT AS BADLY AS CENTRAL BANK. PROGNOSIS IS THAT SITUATION WILL NOT IMPROVE FOR SEVERAL MONTHS AND MAY IN FACT WORSEN OVER NEAR TERM.

5. FURTHER DISCUSSION OF DECREE'S AND SCANDAL'S IMPACT FOUND IN PARAS 4, 5 AND 6 REF C.

6. POUCHING SIX COPIES OF DECREE AND ITS AUGUST 15 AMENDMENT TO AF/W AS REQUESTED.

WYMAN

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Message Attributes

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